

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 L-03 TRSE-00 EB-07 COME-00 AGR-05

OPIC-03 CIAE-00 INR-07 NSAE-00 /036 R

DRAFTED BY ARA/APU:JMSMITH:MMG

APPROVED BY ARA:AFISHLOW

L/ARA:DGANTZ (INFO)

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R 011635Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: EINV, AR

SUBJECT: DELTEC BANKRUPTCY CASE

1. DELTEC ATTORNEY MAX STOLPER INFORMED THE DEPARTMENT HE HAD RECEIVED A TELEGRAM FROM DELTEC'S REPRESENTATIVE IN BUENOS AIRES FEBRUARY 24 REPORTING THAT THE COURT OF APPEALS IN RESPONSE TO A CREDITORS' SUIT, HAD ORDERED THE JUDGE HANDLING THE DELTEC CASE TO PREPARE A PLAN FOR THE DISPOSITION OF THE ASSETS OF SWIFT DE LA PLATA. STOLPER SAID THAT IF, AS HE ASSUMED, THERE WOULD BE NO ADJUSTMENT FOR INFLATION OF THE REGISTERED CREDITORS' CLAIMS AT THE TIME OF BANKRUPTCY (NOVEMBER 8, 1971), THE REAL VALUE OF THE ASSETS SHOULD EASILY EXCEED THE CLAIMS. ON THE OTHER HAND, SO LONG AS THE GOA'S CURRENT PRICING POLICIES CONTINUE, THERE IS NO CHANCE OF FINDING A PRIVATE BUYER FOR THE MEAT-PACKING PLANT. NEVERTHELESS, STOLPER FELT THAT THE COURT OF APPEALS DECISION COULD PROVIDE A BASIS FOR MOVING TOWARD A SOLUTION OF THE CASE IF THE POLITICAL WILL IS THERE.

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2. DELTEC ASSUMES THAT THE ONLY POTENTIAL PURCHASER FOR

THE MEAT-PACKING PLANT IS THE GOA AND THAT POLITICALLY THE EASIEST SOLUTION FOR THE GOA WOULD BE A NATIONALIZATION OF SWIFT TOGETHER WITH THE TWO ARGENTINE-OWNED MEAT-PACKING PLANTS WHICH HAVE ALSO BEEN INTERVENED BY THE GOA. ACCORDING TO DELTEC, THESE THREE PLANTS TOGETHER ACCOUNT FOR ALMOST ALL ARGENTINA'S CANNED MEAT EXPORTS. THEIR NATIONALIZATION WOULD BE SIMPLY A REGULARIZATION OF THE EXISTING CONFUSED SITUATION AND COULD BE JUSTIFIED AS A LOGICAL RESTRUCTURING OF THE INDUSTRY AS A WHOLE.

3. THE EMBASSY IS REQUESTED TO CONFIRM THE COURT OF APPEALS DECISION AND, IF POSSIBLE, OBTAIN A COPY OF THE OPINION FOR THE DEPARTMENT. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INDUSTRIAL PLANTS, MEATS, BANKRUPTCIES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 MAR 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE049406
Document Source: CORE
Document Unique ID: 00
Drafter: JMSMITH:MMG
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760078-0299
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197603107/aaaadqlz.tel
Line Count: 74
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 19 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 JUL 2004 by KelleyW0>; APPROVED <21 OCT 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DELTEC BANKRUPTCY CASE
TAGS: EINV, AR, DELTEC, SWIFTS
To: BUENOS AIRES
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006